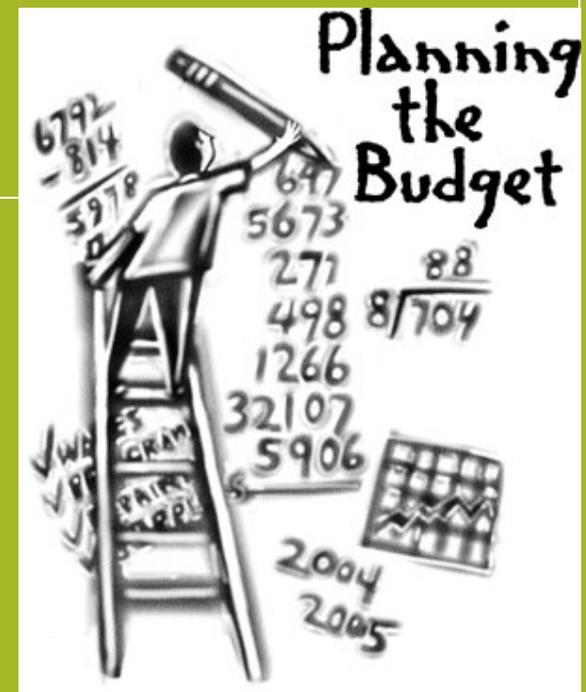
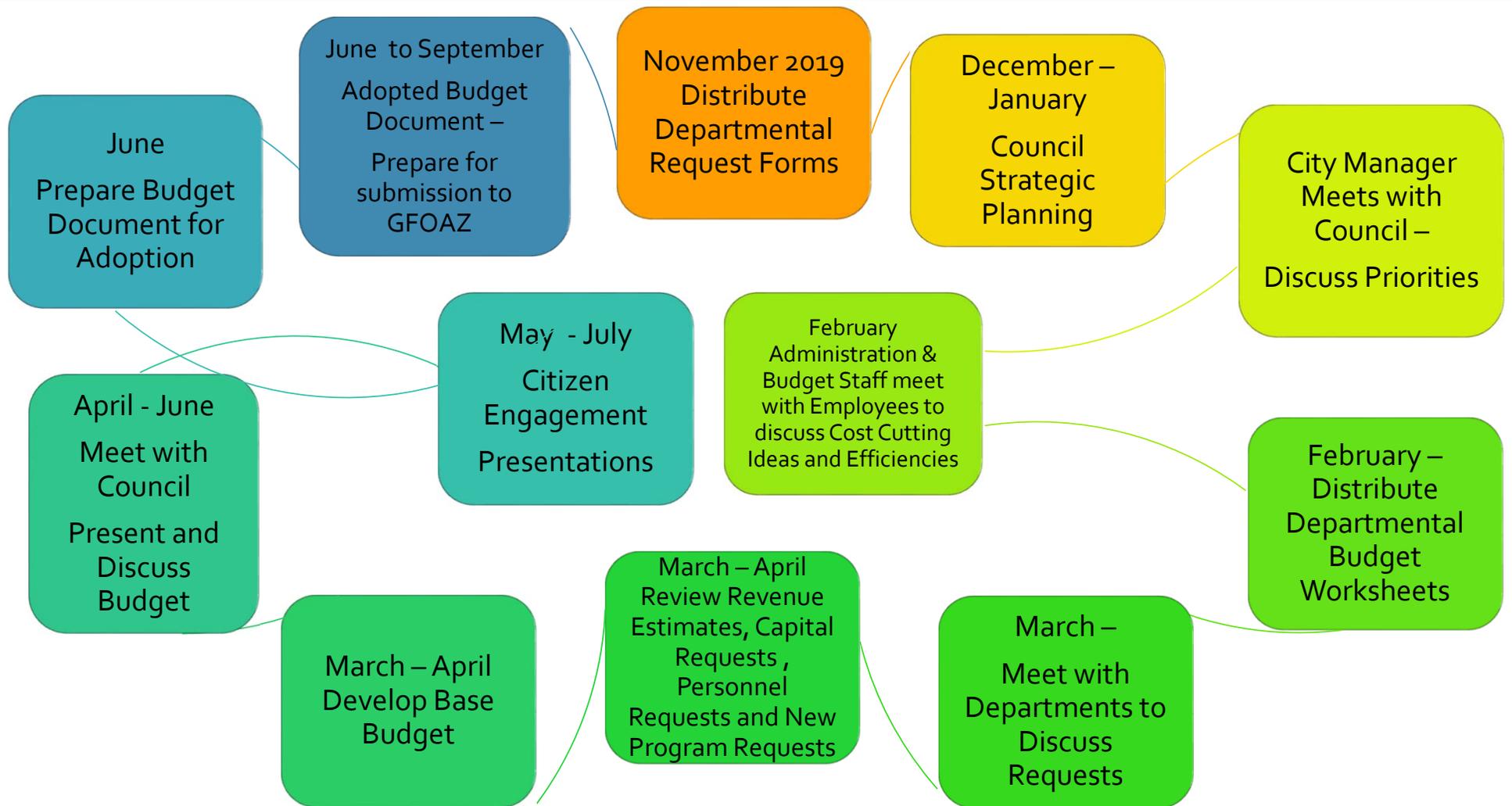


FISCAL YEAR 2021 BUDGET

May 21, 2020



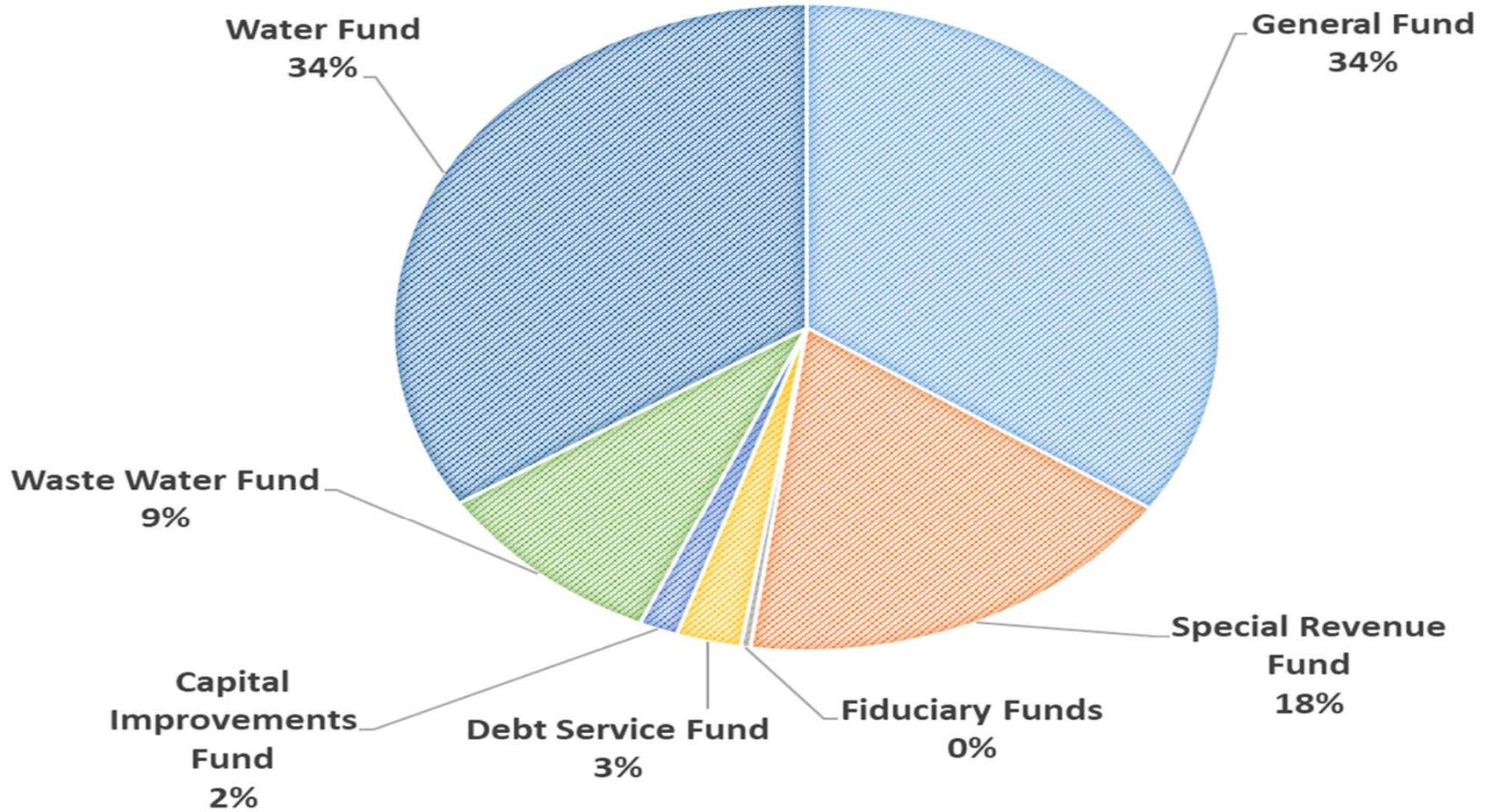


Fiscal Year 2021 Current Balanced Budget

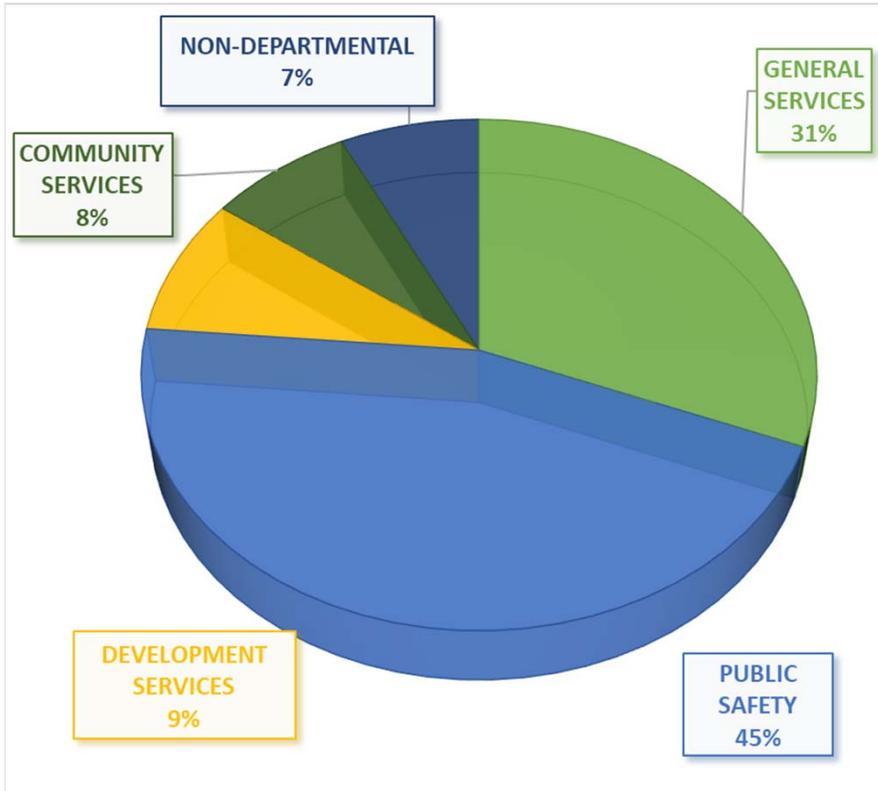
	FY 2021
	Budget Request
Total General Fund Revenue	27,266,585
Total Special Revenue Fund Revenue	14,076,145
Total Fiduciary Funds Revenue	298,125
Total Debt Service Revenue	2,011,050
Total CIP Revenue	1,201,340
Total Wastewater Revenue	7,344,940
Total Water Revenue	27,029,140
Total Revenues All Funds	79,227,325
Total General Fund Expenditures	27,266,585
Total Special Expenditures Fund Expenditures	14,076,145
Total Fiduciary Funds Expenditures	298,125
Total Debt Services	2,011,050
Total CIP Expenditures	1,201,340
Total Wastewater Expenditures	7,344,940
Total Water Expenditures	27,029,140
Total Expenditures All Funds	79,227,325
Net Income (Loss)	0



EXPENSES BY FUND



General Fund



	FY 2020 Budget	FY 2021 Budget
ADMINISTRATION	\$ 734,625.00	\$ 657,140.00
CITY CLERK	\$ 248,285.00	\$ 261,780.00
CITY COUNCIL	\$ 5,374,645.00	\$ 5,489,910.00
FINANCE DEPARTMENT	\$ 451,975.00	\$ 489,685.00
HUMAN RESOURCES	\$ 254,745.00	\$ 283,765.00
IT SERVICES	\$ 993,500.00	\$ 1,134,250.00
NATURAL RESOURCES	\$ 188,455.00	\$ -
PURCHASING	\$ 114,360.00	\$ 113,360.00
GENERAL SERVICES	\$ 8,360,590.00	\$ 8,429,890.00
COMMUNICATIONS	\$ 1,768,480.00	\$ 1,845,200.00
FIRE DEPARTMENT	\$ 3,468,075.00	\$ 3,518,670.00
LEGAL	\$ 412,155.00	\$ 404,460.00
MUNICIPAL COURT	\$ 541,865.00	\$ 568,245.00
POLICE DEPARTMENT	\$ 5,614,295.00	\$ 6,035,570.00
PUBLIC SAFETY	\$ 11,804,870.00	\$ 12,372,145.00
COMMUNITY DEVELOPMENT	\$ 752,095.00	\$ 642,865.00
ENGINEERING SERVICES	\$ 497,835.00	\$ 362,850.00
PUBLIC WORKS	\$ 303,135.00	\$ 234,620.00
TRANSFER STATION	\$ 1,000.00	\$ 1,500.00
MAINTENANCE	\$ 443,080.00	\$ 535,040.00
ORDINANCE ENFORCEMENT	\$ 223,455.00	\$ 225,080.00
ECONOMIC DEVELOPMENT	\$ 303,955.00	\$ 390,210.00
DEVELOPMENT SERVICES	\$ 2,524,555.00	\$ 2,392,165.00
PARKS AND RECREATION	\$ 910,630.00	\$ 612,475.00
RECREATION CENTER OPS.	\$ 1,336,265.00	\$ 1,191,580.00
CITY POOL	\$ 124,550.00	\$ 127,020.00
YOUTH CENTER	\$ 138,165.00	\$ 139,450.00
COMMUNITY SERVICES	\$ 2,509,610.00	\$ 2,070,525.00
OPERATING TRANSFERS	\$ 1,657,820.00	\$ 1,523,895.00
NON-DEPARTMENTAL	\$ 893,160.00	\$ 477,965.00
NON-DEPARTMENTAL	\$ 2,550,980.00	\$ 2,001,860.00
	-1.74%	
	\$ 27,750,605.00	\$ 27,266,585.00

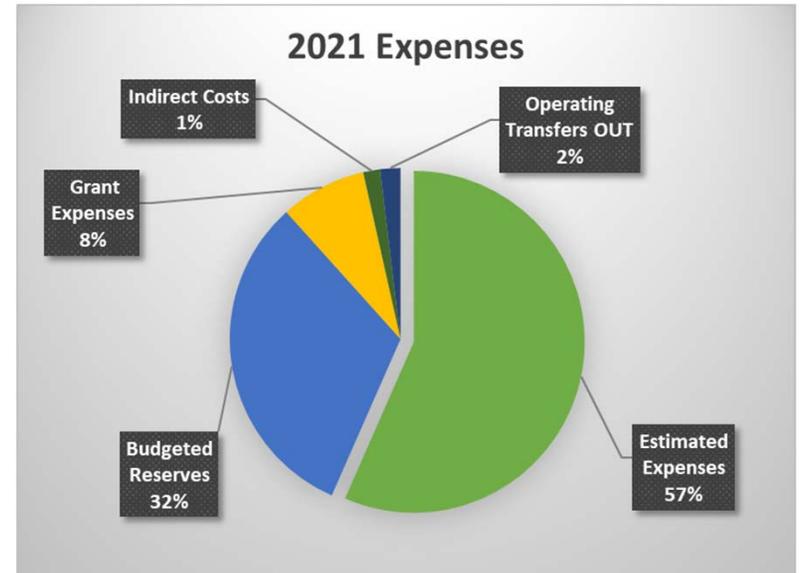
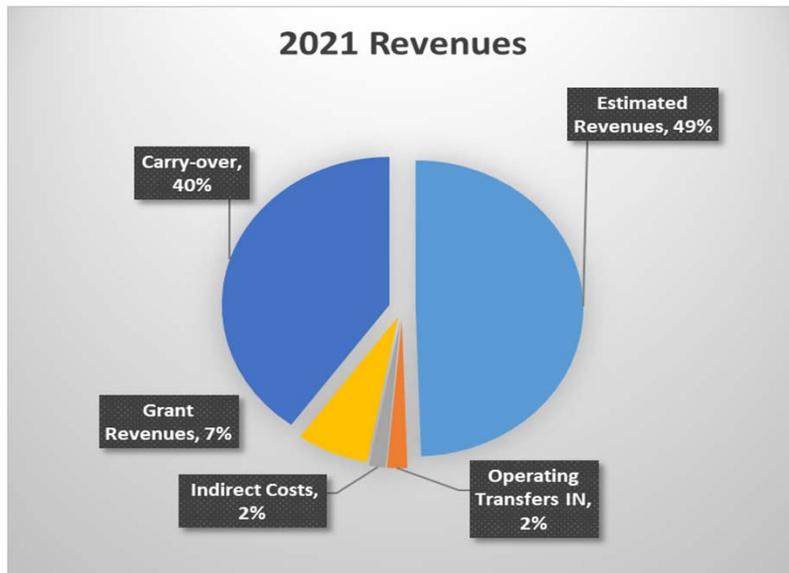
Budget Components

- FY 2021 Totals include many different elements to balance the Budget
 - Revenues – including anticipated grants
 - Carryovers
 - Expenditures – including anticipated grants and matching
 - Reserves
 - Indirect Costs
 - Operating Transfers In/Out

Estimated Revenues & Expenses vs. Budgeted

	2020	2021
Estimated Revenues	\$ 36,619,150	\$ 39,202,176
Operating Transfers IN	\$ 1,244,570	\$ 1,523,895
Indirect Costs	\$ 1,153,360	\$ 1,259,300
Grant Revenues	\$ 4,024,045	\$ 5,520,182
Carry-over	\$ 32,488,435	\$ 31,721,773
Total Budgeted Revenues	\$ 75,529,560	\$ 79,227,325

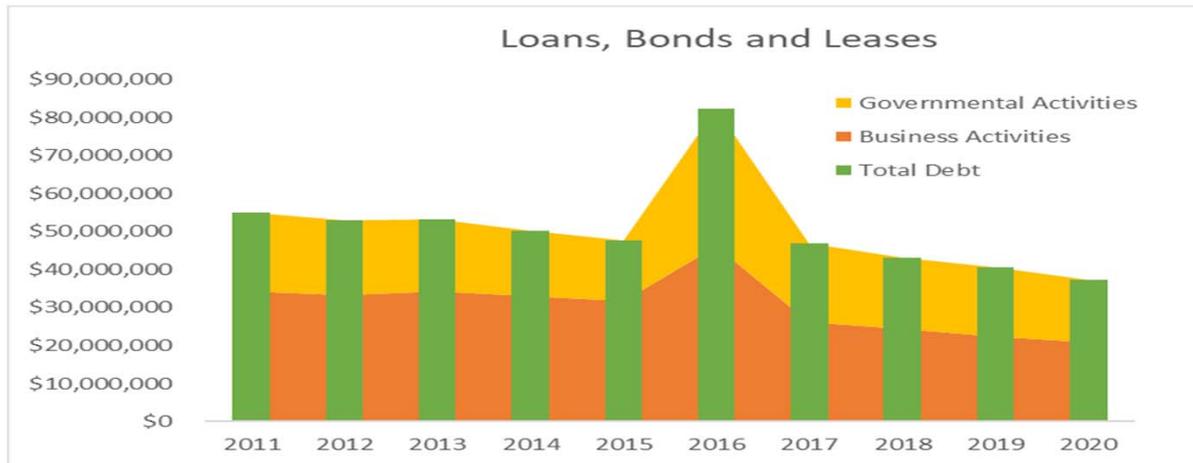
	2020	2021
Estimated Expenses	\$ 24,218,675	\$ 44,844,715
Budgeted Reserves	\$ 38,212,200	\$ 25,136,725
Grant Expenses	\$ 5,198,040	\$ 6,462,690
Indirect Costs	\$ 1,153,360	\$ 1,259,300
Operating Transfers OUT	\$ 1,244,570	\$ 1,523,895
Total Budgeted Expenses	\$ 70,026,845	\$ 79,227,325
Carry-Over	\$ 5,502,715	



Debt FY ending 2020

Total Outstanding Debt by Type of Bond				
As of June 30, 2020				
Project	Term	Principal	Interest	Funding Source
US Bank Pledged Revenue Refunding	7/1/2027	8,275,000	1,350,600	Sales Tax
Excise Bond - Various Capital Projects	7/1/2034	9,475,000	3,447,225	Sales Tax
2015 - Water Infrastructure Finance Authority Loan	7/1/2030	7,015,198	829,337	User Fees
2016 - Water Infrastructure Finance Authority Loan	7/1/2035	11,252,408	1,478,591	User Fees
Total Debt Service		\$ 36,017,606	\$ 7,105,753	
Lease Purchase - Equipment 2017	1/1/2022	368,960	9,808	Sales Tax
Enterprise Fleet Equipment	11/1/2023	888,514	228,397	Sales Tax
Total Leases		1,257,474	238,205	
Totals		\$ 37,275,080	\$ 7,343,958	

	Business Activities	Governmental Activities	Total Debt
2010	\$35,095,000	\$21,872,194	\$56,967,194
2011	\$34,175,000	\$20,926,112	\$55,101,112
2012	\$33,245,000	\$19,821,221	\$53,066,221
2013	\$34,265,000	\$19,045,431	\$53,310,431
2014	\$33,084,407	\$17,242,012	\$50,326,419
2015	\$31,673,349	\$15,900,906	\$47,574,255
2016	\$46,154,283	\$36,331,779	\$82,486,062
2017	\$26,276,840	\$20,558,394	\$46,835,234
2018	\$24,404,566	\$18,856,846	\$43,261,412
2019	\$22,497,102	\$18,145,833	\$40,642,935
2020	\$20,967,981	\$16,307,099	\$37,275,080



Reserves – Budgeted FY 2021

Operating Transfers

- **Total Operating Transfers between Funds - \$ 1,523,895**

- **Library – Expenditures \$ 1,063,630**

- Yavapai County Funds \$ 168,210
- Miscellaneous Revenues \$ 35,560
- General Fund Transfer \$ 859,860

- **Cemetery – Expenditures \$ 208,850**

- Miscellaneous Revenues \$ 400
- General Fund Transfer \$ 108,250

- **Grant Fund Expenditures \$ 3,292,310**

- Grant Revenues \$ 2,765,680
- General Fund Transfer \$ 512,955
- Airport Transfer \$13,635

- **Airport – Expenditures \$ 212,490**

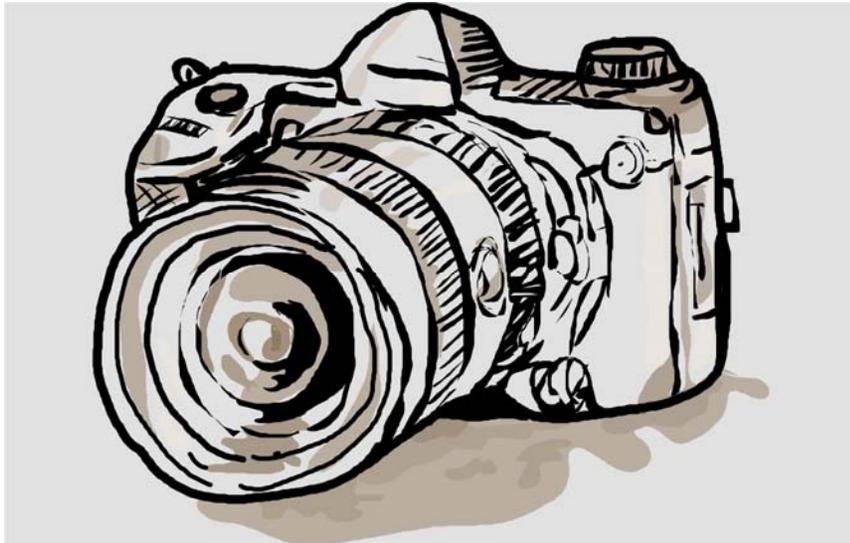
- Rents & Lease Revenues \$ 98,845
- Miscellaneous Revenues \$ 70,815
- General Fund Transfer \$ 42,830

Grants Budgeted FY 2021

- All anticipated grants are budgeted
- FY 2021 Grant Revenues \$ 5,520,181
- FY 2021 Grant Expenses \$ 6,462,690
- Grants typically require matching funds
- Largest Grants Budgeted
 - Transit
 - CDBG
 - Airport
 - FEMA



Cash Balances & Reserves @ March 31st

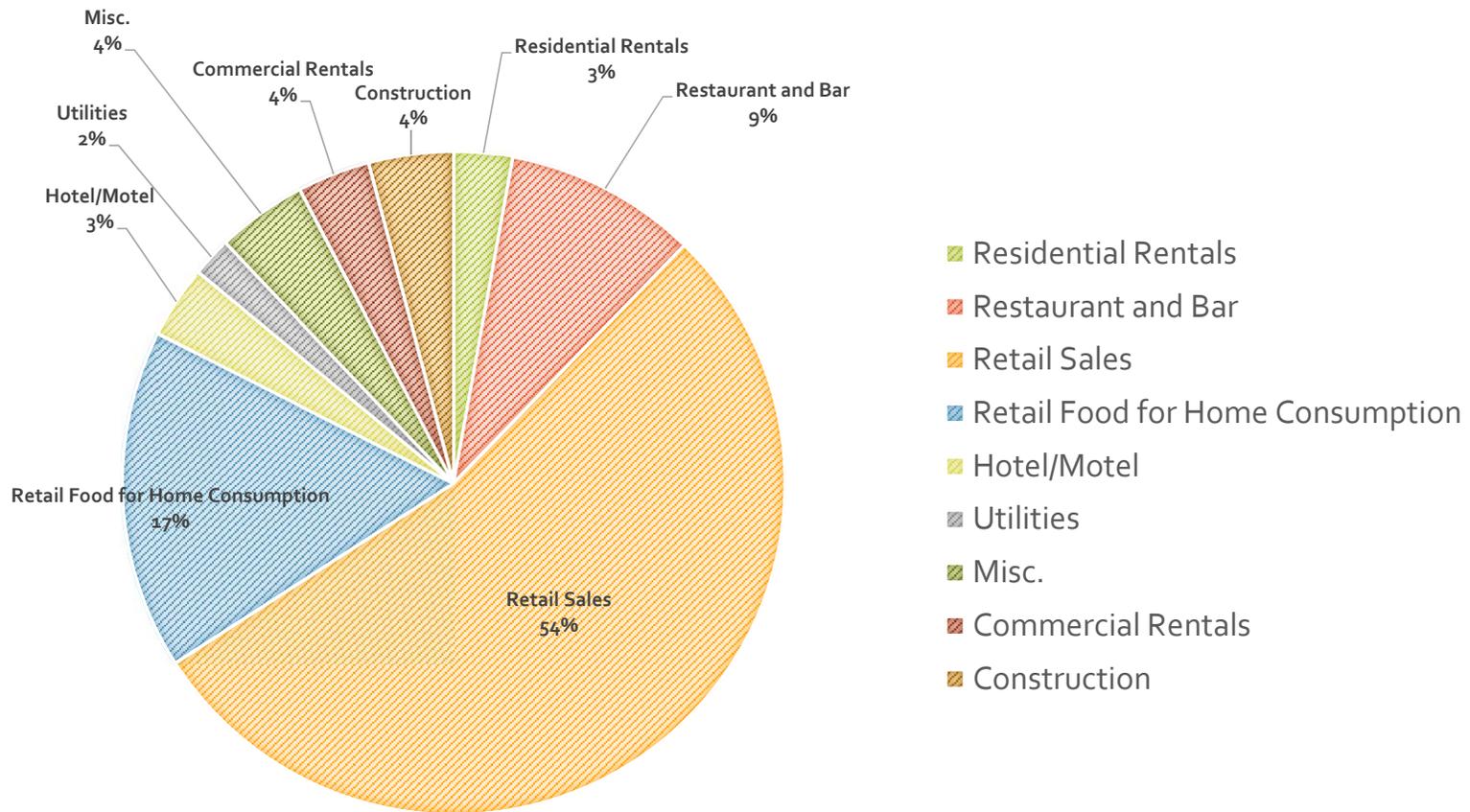


Current Cash Balances in All Accounts

General Fund	\$	3,060,069
Library	\$	38,348
Airport	\$	49,990
HURF	\$	1,459,067
Transit	\$	1,054,813
Waste Water	\$	2,463,849
Water Fund	\$	10,989,101
CIP	\$	700,187
	\$	<u>19,815,424</u>

Reserved or Designated

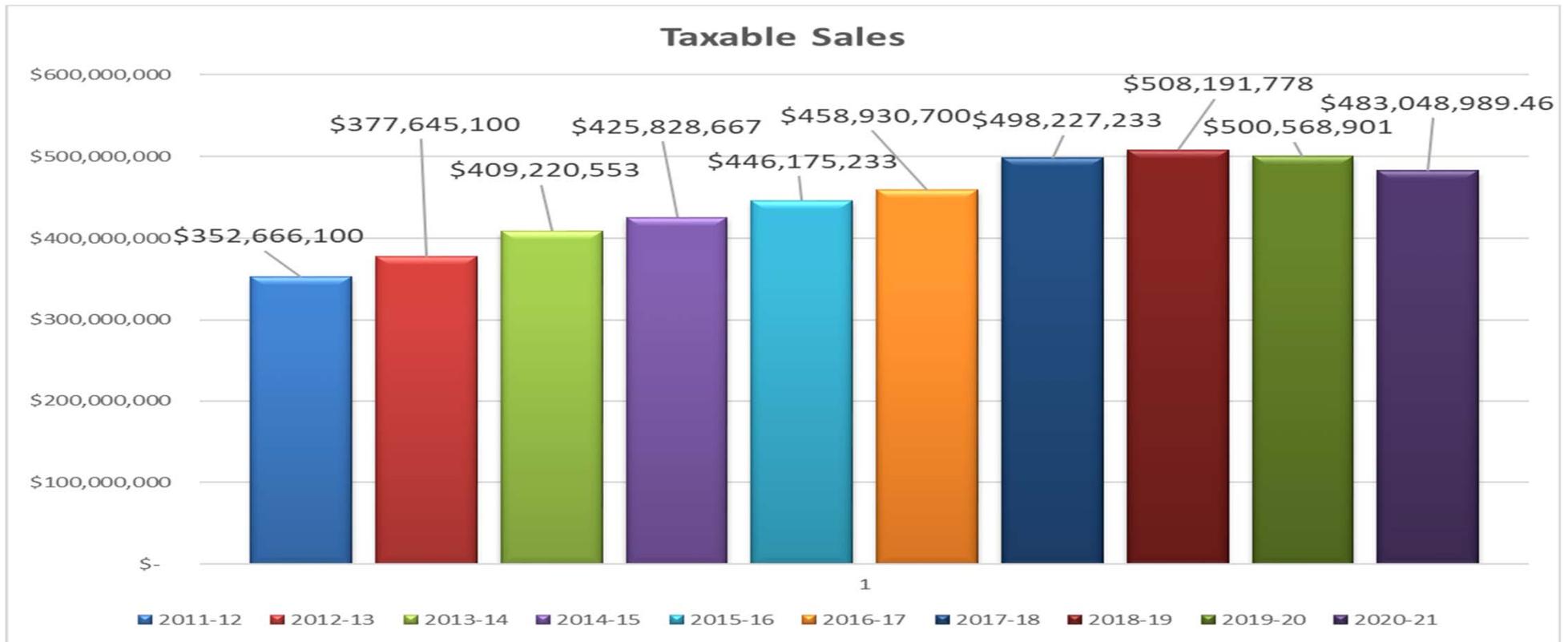
General Fund	\$	1,540,710
Debt Service	\$	858,694
Water	\$	8,255,210
Waste Water	\$	835,435
Employee Benefit Trust	\$	65,933
Excise Bond & Debt Svc	\$	4,433,536
	\$	<u>15,989,519</u>
Total All	\$	<u>35,804,943</u>



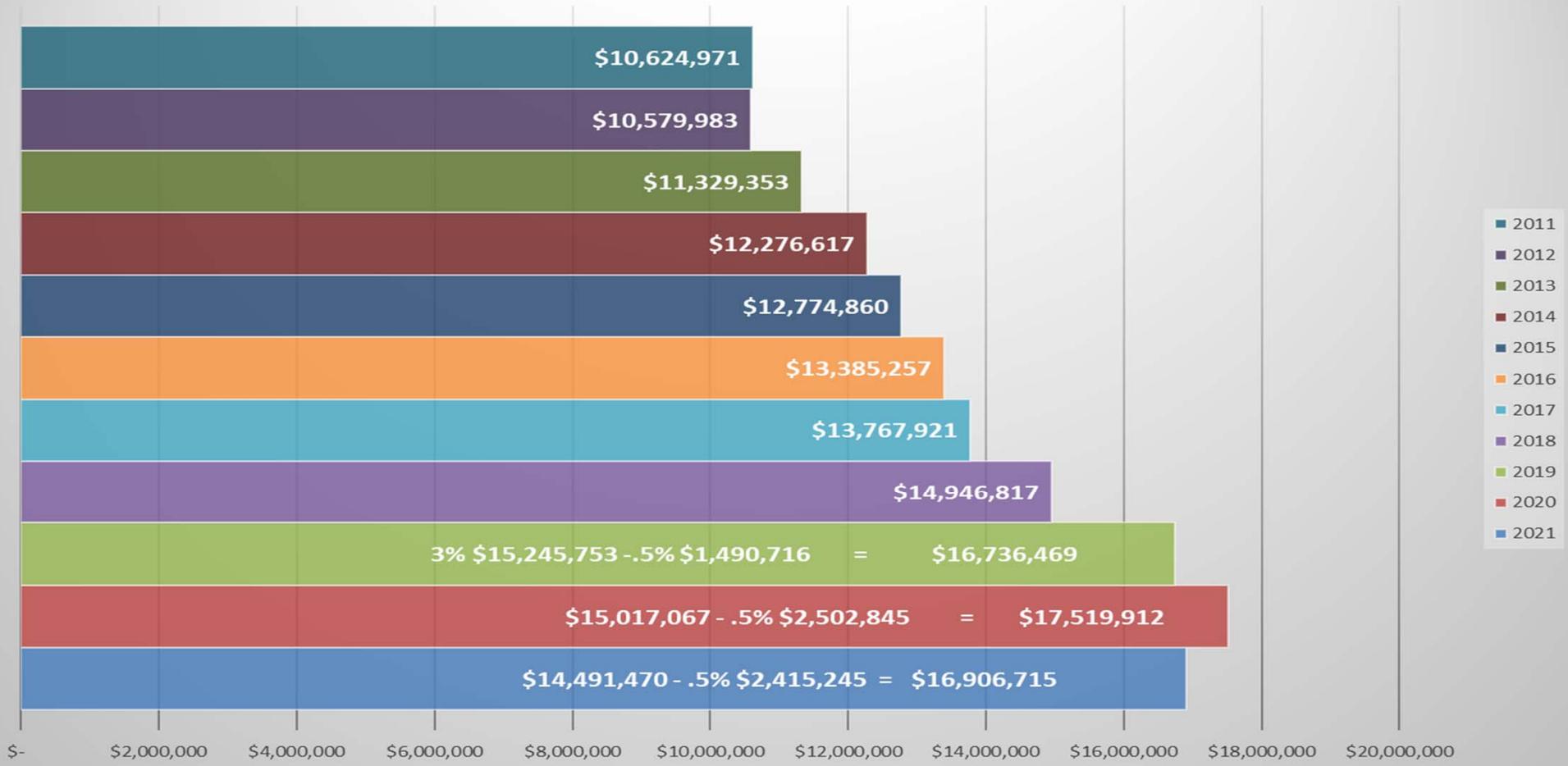
2019 SALES TAX CATEGORIES %'S

Gross Taxable Sales

- Estimating a 1.5% decrease in taxable sales for FY 2020 over FY 2019
- Estimating a 3.5% decrease for FY 2021



Sales Tax



Additional .5% Sales Tax

- **FY 2019 - \$ 1,490,715**
 - HURF - \$ 169,225
 - Transit - \$394,495
 - General Fund Reserves - \$ 238,515
 - Pension Liability - \$149,070
 - General Fund Expenditures - \$ 539,410
- **FY 2020 - \$ 2,502,845**
 - HURF – \$625,710
 - Transit - \$ 133,525
 - General Fund Reserves – \$367,070
 - Infrastructure/Capital Reserves - \$259,180
 - General Fund Expenditures – \$599,000
 - Pension Liability – Transferred to Sidewalks - \$ 259,180
- **FY 2021 - \$2,415,245**
 - HURF – \$603,810
 - Transit - \$ 166,495
 - General Fund Reserves - \$ 362,290
 - Pension Liability - \$ 241,525
 - Infrastructure/Capital Reserves - \$ 241,525
 - General Fund Expenditures - \$ 799,600

Other Major Revenues



- **State Sales Tax**
 - FY 2020 \$1,168,060
 - FY 2021 \$1,151,990
- **Urban Revenue Sharing**
 - FY 2020 \$1,577,510
 - FY 2021 \$1,771,790
- **Motor Vehicle in Lieu Tax**
 - FY 2020 \$889,800
 - FY 2021 \$814,360
- **Fuel Taxes – HURF**
 - FY 2020 \$1,393,690
 - FY 2021 \$1,037,110

Water Revenues

- Rate Increase at July 1st as approved by Council on July 26, 2019

- **Water User Fees**

- FY 2020 – \$7,955,665
- FY 2021 - \$ 8,327,775

- **Water Capacity Fees**

- FY 2020 - \$ 20,545
- FY 2021 - \$20,550

WATER RATES				
Base Charge	CURRENT RATES		07/2020-06/2021	
	in limits	out of limits	in limits	out of limits
5/8"	\$26.00	\$33.80	\$26.52	\$34.48
1"	\$42.07	\$54.69	\$42.91	\$55.78
1 1/2"	\$85.65	\$111.34	\$87.36	\$113.57
2"	\$135.23	\$175.80	\$137.93	\$179.32
3"	\$270.46	\$351.59	\$275.87	\$358.62
4"	\$420.71	\$546.92	\$429.12	\$557.86
6"	\$856.45	\$1,113.39	\$873.58	\$1,135.66
<u>Volume Charge (per 1,000 gal)</u>				
0 – 1,000	\$0.00	\$0.00	\$0.00	\$0.00
1,000 - 5,000	\$3.22	\$4.20	\$3.28	\$4.28
5,001 - 10,000	\$4.44	\$5.78	\$4.53	\$5.90
10,000 - 15,000	\$6.33	\$8.23	\$6.46	\$8.39
15,001+	\$9.02	\$11.72	\$9.20	\$11.95
<u>Water Resource Development Fee</u>				
Water Resource Developme	\$4.32	\$4.32	\$4.32	\$4.32
Water Source Assurance	\$0.35	\$0.35	\$0.35	\$0.35
Gila River Adjudication	\$0.44	\$0.44	\$0.44	\$0.44
Water Conservation	\$0.27	\$0.27	\$0.27	\$0.27
Total Development Fee	\$5.38	\$5.38	\$5.38	\$5.38
Connection Fees	\$44.25	\$44.25	\$45.00	\$45.00
Taxes	\$3.47	\$3.47		

Wastewater Revenues

- **Rate Increase approved July 16, 2019**
 - First Increase September 2019
 - Rate Increases again on July 1st
- **Wastewater User Fees**
 - FY 2019 - \$3,170,805
 - FY 2020 - \$3,263,030
- **Wastewater Capacity Fees**
 - FY 2020 - \$143,000
 - FY 2021 - \$174,000

Waste Water Residential Rate		
	09/2019 - 06/2020	07/2020-06/2021
Administrative Rate	\$11.95	\$12.45
Depreciation Rate	0.00	1.55
O&M Rate	21.20	22.30
DS Rate	4.50	6.85
	<u>\$37.65</u>	<u>\$43.15</u>
Waste Water Commercial Rate		
	09/2019 - 06/2020	07/2020-06/2021
Administrative Rate	\$11.95	\$12.45
Depreciation Rate (per 1,000 gals. water used)	0.00	1.55
O&M Rate (per 1,000 gals of water used)	21.20	22.30
DS Rate	4.50	6.85
	<u>\$37.65</u>	<u>\$43.15</u>

Arizona State Retirement System

- **Arizona State Retirement**
 - Rates going from 12.11% to 12.22%
 - FY 2021 Budget - \$998,215



Arizona State Retirement System

Public Safety Retirement System

- Public Safety Retirement - FY 2021 Budget \$2,146,460
 - July 2020 – Need to Adopt a Pension Funding Policy per A.R.S. Statute
 - Police
 - Tier 1 & 2 - 48.94% to 58.39%
 - Tier 3 – Hired after July 2017 – Defined Benefit – 45.92% to 55.16%, Defined Contribution – 46.49% to 55.63%
 - Fire –
 - Tier 1 & 2 - 25.93 % to 27.10%
 - Tier 3 - Hired after July 2017 - Defined Benefit–21.12% to 22.28% , Defined Contribution 21.69% to 22.75%



Health Insurance Changes

- 10% Increase Health, 3% Increase on Dental Costs, and Vision Insurance remains static
- City Covers
 - 100% Employee
 - 80% of Children
 - 70% of Spouse
 - 60% of Family
- FY 2021 costs est. \$ 2,930,305
 - Employee \$ 396,920
 - Employer \$ 2,533,385
- FY 2020 costs est. \$ 2,671,112
 - Employee \$ 336,731
 - Employer \$ 2,400,792

CORE PLAN & COPAY PLAN W/OUT DENTAL			
Core Plan	Employer Cost	Employee Cost Monthly	Employee Cost Bi-Monthly
Employee	848.00	-	-
Spouse	595.00	255.00	127.50
Children	448.80	112.20	56.10
Family	778.20	518.80	259.40
HDHP \$1500 W/OUT DENTAL			
HDHP \$1500	Employer Cost	Employee Cost Monthly	Employee Cost Bi-Monthly
Employee	623.00	(225.00)	(112.50)
Spouse	434.00	186.00	93.00
Children	326.40	81.60	40.80
Family	570.60	380.40	190.20
HDHP \$2500 W/OUT DENTAL			
HDHP \$2500	Employer Cost	Employee Cost Monthly	Employee Cost Bi-Monthly* Max IRS Contribution is \$3550 Annually
Employee	560.00	(288.00)	(144.00)
Spouse	391.30	167.70	83.85
Children	293.60	73.40	36.70
Family	513.60	342.40	171.20
HDHP \$5000 W/OUT DENTAL			
HDHP \$5000	Employer Cost	Employee Cost Monthly	Employee Cost Bi-Monthly* Max IRS Contribution is \$3550 Annually
Employee	412.00	(295.80)	(147.90)
Spouse	333.20	142.80	71.40
Children	251.20	62.80	31.40
Family	436.20	290.80	145.40
Dental			
Dental	Employer Cost	Employee Cost Monthly	Employee Cost Bi-monthly
Employee	40.00	-	-
Spouse	68.70	12.30	6.15
Children	61.80	5.20	2.60
Family	78.80	25.20	12.60

Compensation

- **Minimum Wage potentially is going up in January 2021**
- **NO Cola or Merit Increases budgeted for FY 2021**
- **Arizona State Retirement Increased**
- **Health Insurance Increased**

Staffing Changes

- Furloughed almost all Part-time employees and 3 full-time employees from April 25th to June 29th.
 - Cost Savings
 - FY 2020 \$ 120,665
- Implemented a Reduction in Force – Eliminated 4 full-time positions and one part-time position
 - **FY 2021 savings \$ 332,350**
 - Interim Parks & Recreation Manager
 - Library Assistant I
 - Planning Technician
 - Administrative Assistant - City Hall
 - Management Analyst – PT

Staffing Changes

- **Vacant Court Clerk position not filled until Jan.**
 - **Allowing for Municipal Judge to be 80% FTE instead of 60%**
- **2021 Transferred Rec Center Front Desk Supervisor to Economic Development**
 - **Reservations at all Facilities**
 - **Administration, Finance, HR and ED front desk help**
 - **Helping with 3 vacant positions**
 - **Not filling two vacant positions at Finance until after new Fiscal year**
 - **Administrative Assistant at Economic Development Position wasn't filled**

Staffing Changes

FY 2021 - NEW FULL-TIME POSITIONS APPROVED					
Department	Job Title	Range			Est. Annual Costs for 2021
Utilities	Wastewater Operator III	18			91,992
Utilities	Arsenic Treatment Specialist II	17			87,612
Utilities	Water Operator III	18			91,992
FY 2021 - POSITION RECLASSIFICATIONS APPROVED					
Department	Job Title		Range	Range	Est. Annual Costs for 2021
Maintenance	Foreman to Facilities Superintendent		20	26	10,633
Parks and Rec.	Rec. Coord. III to Parks & Recreation Manager	Title May Change	19	25	11,171
Streets	Public Works Manager to Streets Superintendent		27	27	0
Utilities	Regulatory Compliance, Safety and Education Administrator to Wastewater and Compliance Manager	Title May Change	26	27	10,569
Utilities	Water Op I to Field Services Specialist		14	16	0
Utilities	Water & Waste Water - Certification Pay program	TBD			29,000
FY 2021 - PART-TIME POSITION RECLASSIFICATIONS APPROVED					
Parks & Rec	Officials - Basketball, Softball, Volleyball	N/A	\$18/hr	\$25/hr	2,173
FY 2021 - Total Amount for All FT, Reclassifications & PT Personnel Budgeted					\$ 335,144
Total Amount for All FT, Reclassifications Requested					\$ 943,877



Capital Requests vs. Budgeted

	Requested	Budgeted	Phase One
Airport Grants	\$ 264,800	\$ 264,800	\$ -
Cemetery	200,000	150,000	0
Community Development	77,000	0	0
Engineering	150,000	0	0
Fire & Medical	5,154,900	0	120,000
Grants Fund	3,227,310	3,227,310	0
Human Resources	50,000	0	50,000
IT	134,345	30,000	67,500
Maintenance	297,500	0	157,000
Police Department	567,150	50,000	17,150
Parks & Recreation	82,000	17,500	0
Recreation Center	324,900	18,000	14,000
Youth Center	30,000	0	0
Library	55,000	35,000	0
Streets	4,912,590	2,954,590	12,000
Transit	1,628,200	1,628,200	0
Water	2,478,695	3,149,695	0
Waste Water	6,345,000	4,792,385	0
Totals	\$ 25,979,390	\$ 16,317,480	\$ 437,650

Noted Department Budget Changes FY 2021

- Not adding any vehicles to the Enterprise Lease Program
- Administration – Eliminated Administrative Assistant and Management Analyst positions
- Fully Funding Airport Manager Position – If grant or funding is received.
- Revamping TVR due to uncertainty of Covid-19 and contracts – Saving \$160K – budgeted \$50k with revenues of \$15,000
- Removed Chamber Contract - \$230k in FY 2020, bed tax estimate for FY 21 \$ 201,450
- FY 2021 Funding \$100K of bed tax monies to E.D. for marketing Cottonwood
- Funded \$100k Outside Agency Funding program
- Humane Society increase FY2020 \$46,515 to FY 2021 \$48,000
- Fully funded all 21 Communications positions all for FY 21

Noted Department Budget Changes FY 2021

- Added funds for a Community Cleanup to Public Works
- Moved both Ordinance Enforcement officers under Community Development
- Transit anticipated to receive 100% funding from ADOT, with no local match until the funds run out.
- Increased the Miscellaneous Grants fund to \$1M in case we receive more revenues than initially forecasted to allow the City to not exceed expenditure limitation.
- Moved the \$15k budgeted in FY 2020 for a contract to clean the streets, trash and bathrooms to FY 2021 in the Maintenance part-time budget
 - This will fund daily trash in old town and bathroom check for all the public restrooms.

QUESTIONS

